

ANNUAL SURVEY
OF FOREIGN DIRECT
INVESTMENT IN THE
UNITED STATES – 1998
(SHORT FORM)

MAIL
REPORTS
TO

U.S. Department of Commerce
Bureau of Economic Analysis
BE-49(A)
Washington, DC 20230

DELIVER
REPORTS
TO

U.S. Department of Commerce
Bureau of Economic Analysis
BE-49(A)
Shipping and Receiving
Section M100
1441 L Street, NW
Washington, DC 20005

A single original copy of this report shall be filed with the Bureau of Economic Analysis; this should be the copy with the address label, if such a labeled copy has been provided.

Important

Read **Instructions** before completing form. The instructions given below are only a brief summary of certain ones relating to this form.

Insurance companies — See **Instructions**, IV.A, before completing form.

1. WHO MUST REPORT — A Form BE-15(SF) report is required for each nonbank U.S. affiliate, fully consolidated as required, of a foreign person if —

a. At the end of, or for, its 1998 fiscal year, **any one** or more of the following three items for the U.S. affiliate, exceeded \$30 million (positive or negative), but no one item exceeded \$100 million (positive or negative) —

- (1) Total assets, or
- (2) Sales or gross operating revenues, excluding sales taxes, or
- (3) Net income after provision for U.S. income taxes; **and**

b. The business enterprise was a U.S. affiliate of a foreign person at the end of its 1998 fiscal year.

If any one of the three items above exceeds \$100 million (positive or negative), the U.S. affiliate must file Form BE-15(LF), the long form.

See **Instructions** for reporting requirements, (Section I) and for definitions of affiliate and U.S. affiliate (Section II).

2. U.S. AFFILIATE’S 1998 FISCAL YEAR — The affiliate’s financial reporting year that has an ending date in calendar year 1998.

3. CONSOLIDATED REPORTING — A U.S. affiliate shall file on a fully consolidated basis, including in the consolidation all other **U.S. affiliates** in which it directly or indirectly owns more than 50 percent of the outstanding voting interest. Hereinafter, the fully consolidated entity is considered to be one U.S. affiliate. See **Instructions, III.D.**

4. ASSISTANCE — Telephone (202) 606-5577 during office hours – 8:30 a.m. to 4:30 p.m. eastern time.

5. DUE DATE — A completed report on Form BE-15(SF) shall be due no later than May 31, 1999.

6. GENERAL NOTES

a. Figures such as the number of acres and the number of employees should be reported to the nearest whole unit.

b. Currency amounts should be reported in U.S. dollars rounded to thousands (omitting 000). **Do not enter** amounts in the shaded portions of each line.

EXAMPLE — If amount is **\$1,334,615.00**, report as

Bil.	Mil.	Thous.	Dols.
	1	335	

- c.** If an item is between + or – \$500.00 enter "0."
- d.** Use parentheses to indicate negative numbers.
- e.** All questions should be answered in the context of the reporting period given in item 4.

BEA USE ONLY

Control number

Public reporting burden for this short form is estimated to vary from 1 to 4 hours per response, with an average of 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Director, Bureau of Economic Analysis (BE-1), U.S. Department of Commerce, Washington, DC 20230; and to the Office of Management and Budget, Paperwork Reduction Project 0608-0034, Washington, DC 20503.

MANDATORY — This survey is being conducted pursuant to the International Investment and Trade in Services Survey Act (P.L. 94-472, 90 Stat. 2059, 22 U.S.C. 3101-3108, as amended – hereinafter "the Act"), and the filing of reports is mandatory pursuant to Section 5(b)(2) of the Act (22 U.S.C. 3104).

CONFIDENTIALITY — The Act provides that your report to this Bureau is CONFIDENTIAL and may be used only for analytical or statistical purposes. Without your prior written permission, the information filed in your report CANNOT be presented in a manner that allows it to be individually identified. Your report CANNOT be used for purposes of taxation, investigation, or regulation. Copies retained in your files are immune from legal process.

Part I

IDENTIFICATION OF U.S. AFFILIATE

1. Name and address of U.S. affiliate — An address label, if affixed, shows, among other things, the name and address of this U.S. affiliate, as known to BEA. If there are any changes in the name or address on the label, make the changes directly on the label. If no label has been affixed, enter the name and address in full; skip a single block between words.

Name of U.S. Affiliate	
1002	1

c/o (care of)	
1010	1

Street or P.O. Box	
1003	1

City, State, and Country (if foreign)	
1004	1

U.S. ZIP Code		Foreign Postal Code	
1005	1	OR	2

2. Is more than 50 percent of the ownership interest in this U.S. affiliate owned by another U.S. affiliate of your foreign parent?

1400	1	<input type="checkbox"/> Yes
	2	<input type="checkbox"/> No

If the answer is "Yes" — *Do not complete this report unless this affiliate has obtained permission from BEA to do so. Otherwise, the report must reflect information and data for, and be filed in the name of, the fully consolidated U.S. business enterprise meeting the definition of U.S. affiliate. Please forward this Form BE-15 survey packet to the U.S. business enterprise owning your company to the extent of more than 50 percent, and notify BEA of the action taken by filing Form **BE-15 Supplement C** with item **2(b)** completed.*

3. Enter Employer Identification Number(s) used by U.S. affiliate to file income and payroll taxes.

Primary		Other	
1006	1	2	

4. REPORTING PERIOD

This U.S. affiliate's 1998 fiscal year ends on	Month	Day	Year
Example — If the fiscal year ends on March 31, report for the 12 month period ending March 31, 1998.	1007	1	

5. Did the U.S. business enterprise become a U.S. affiliate during its 1998 fiscal year?

1008	1	<input type="checkbox"/> Yes	If the answer is "Yes" — Enter date U.S. business enterprise became a U.S. affiliate. →	1009	1				
	2	<input type="checkbox"/> No		Month	Day	Year			

NOTE — For a U.S. business enterprise that became a U.S. affiliate during its 1998 fiscal year, the close FY 1997 data columns should all be zero.

6. Is the U.S. affiliate named in item 1 above separately incorporated in the United States, including its territories and possessions? — Mark (X) one

1011	1	<input type="checkbox"/> Yes
	2	<input type="checkbox"/> No

PENALTIES — Whoever fails to report shall be subject to a civil penalty of not less than \$2,500, and not more than \$25,000, and to injunctive relief commanding such person to comply, or both. Whoever willfully fails to report shall be fined not more than \$10,000 and, if an individual, may be imprisoned for not more than one year, or both. Any officer, director, employee, or agent of any corporation who knowingly participates in such violations, upon conviction, may be punished by a like fine, imprisonment or both. (22 U.S.C. 3105)

Notwithstanding any other provision of the law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the Paperwork Reduction Act, unless that collection of information displays a currently valid OMB Control Number.

PERSON TO CONSULT CONCERNING QUESTIONS ABOUT THIS REPORT — Enter name and address

Name	1000	1					
Address							
TELEPHONE NUMBER	1001	1	Area code	2	Number	3	Extension
FAX NUMBER		4	Area code	5	Number		

CERTIFICATION — The undersigned official certifies that this report has been prepared in accordance with the applicable instructions, is complete, and is substantially accurate except that, in accordance with III.K. of the **Instructions**, estimates have been provided where data are not available from customary accounting records or precise data could not be obtained without undue burden.

Authorized official's signature	
Print or type name and title	Date

Part I IDENTIFICATION OF U.S. AFFILIATE — Continued						
7. U.S. affiliates fully consolidated in this report						
If this report is for a single unconsolidated U.S. affiliate, enter "1" in the box below. If more than one U.S. affiliate is fully consolidated in this report, enter the number of U.S. affiliates fully consolidated. (Hereinafter, they are considered to be one U.S. affiliate.) Exclude all minority-owned U.S. business enterprises, and all foreign business enterprises owned by this U.S. affiliate, from the full consolidation; such affiliates must be included in this report on the equity basis, or cost basis if less than 20 percent owned. See the Instructions, III.D. (Note that all more-than-50-percent-owned U.S. affiliates must be fully consolidated in this report unless permission has been received from BEA to do otherwise (except, see Instructions, III.D.2); those not fully consolidated must file a separate Form BE-15(SF) or Form BE-15(LF).)						
10121 <div>Number — If number is greater than one, Supplement A must be completed.</div>						
8. U.S. affiliates NOT fully consolidated						
Number of U.S. affiliates in which this U.S. affiliate has an ownership interest that ARE NOT fully consolidated in this report.						
10131 <div>Number — If number is not zero, Supplement B must be completed. The U.S. affiliate named in item 1 must include data for such U.S. affiliates in this report on an equity basis, or cost basis if less than 20 percent owned, and must notify such other U.S. affiliates of their obligation to file a Form BE-15(SF) or Form BE-15(LF) in their own name.</div>						
Ownership — Enter percent of ownership , to a tenth of one percent, based on voting stock if an incorporated affiliate or an equivalent interest if an unincorporated affiliate, in the U.S. affiliate held directly by —						
All foreign parents of this affiliate — Give name of each (if more than 2, continue on a separate sheet).		Country of incorporation or organization, if a business enterprise, or residence, if an individual	REPORTING PERIOD		BEA USE ONLY	
			Close FY 1998	Close FY 1997		
			(1)	(2)	(3)	
9.	1017		1	2	3	
			.	%	.	%
10.	1018		1	2	3	
			.	%	.	%
All U.S. affiliates of the foreign parents — Give name of each (if more than 2, continue on a separate sheet).		Country of foreign parent of each other U.S. affiliate				
11.	1063		1	2	3	
			.	%	.	%
12.	1064		1	2	3	
			.	%	.	%
13. All other persons (do not list names)	1061		1	2		
			.	%	.	%
TOTAL of directly held voting ownership interests — Sum of items 9 through 13			100.0%	100.0%		
14. Is each foreign parent named in items 9 and 10, or on a separate sheet, also the ultimate beneficial owner (UBO) of that ownership interest in the U.S. affiliate? (See instructions, II.Q. , for definition of UBO.)						
301911 <div>Yes</div>		Enter industry code of the foreign parent from the list of codes at the bottom of page 4. If more than one foreign parent, list each and its industry code on a separate sheet. If "No" – Complete item 15.		Foreign parent industry code		
12 <div>No</div>				30181		
15. If the answer in item 14 as to any foreign parent is "No" – Furnish for each such parent, the name, country and industry code of the UBO. If the UBO is an individual, a name need not be given, but country of residence must be given. Secure industry code from the list at the bottom of page 4. Space for identifying one UBO is given below; if more than one, give information on a separate sheet.						
Name of foreign parent						
3011	1					
Name of UBO of foreign parent						
3021	1					
Country of UBO						
				BEA USE ONLY		
				30221		
Industry code of the worldwide consolidation of the UBO						
3023	1					
16. Major activity of fully consolidated U.S. affiliate — Briefly describe the major product or service of the U.S. affiliate. If a product, also state what is done to it, i.e., whether it is mined, manufactured, sold at wholesale, transported, packaged, etc.						
BEA USE ONLY						
1200	1	2	3	4	5	
1201	1	2	3	4	5	
1202	1	2	3	4	5	
1203	1	2	3	4	5	

Part I IDENTIFICATION OF U.S. AFFILIATE — Continued					
Industry classification of fully consolidated U.S. affiliate (based on sales or gross operating revenues) — Enter the 4-digit NAICS-based ISI code(s) and the sales (as defined in item 22) associated with each code. If you use fewer than four codes, you must account for total sales. For a full explanation of each code, see the <i>Guide to Industry and Foreign Trade Classifications for International Surveys</i> . For an inactive affiliate, show the industry classification(s) pertinent to the last active period; for "start-ups" with no sales, show the intended activity(ies). Holding companies should show total income. Note, however, that a U.S. affiliate that is a conglomerate must determine its industry code based on the activities of the fully consolidated U.S. business enterprise. The "holding company" classification (i.e., ISI code 5512), therefore, is often an invalid industry classification for a conglomerate. Call BEA for further assistance if this is the U.S. affiliate's apparant classification.	ISI code	Sales			
		(1)	(2)		
	Bil.		Mil.	Thous.	Dols.
	17. Enter code with largest sales		1164	1	2
			\$		
18. Enter code with 2nd largest sales	1165	1	2		
19. Enter code with 3rd largest sales	1166	1	2		
20. Enter code with 4th largest sales	1167	1	2		
21. Sales not accounted for above — Item 20 must have an entry	1173		2		
22. TOTAL SALES — Gross sales minus returns, allowances, and discounts, or gross operating revenues, both exclusive of sales or consumption taxes levied directly on the consumer and excise taxes levied directly on manufacturers, wholesalers, and retailers. — Equals sum of items 17 through 21, column (2) —————→	1174	1	2		
			\$		

Part II SELECTED FINANCIAL AND OPERATING DATA OF U.S. AFFILIATE						
Report all amounts in thousands of U.S. dollars.						
Section A — BALANCE SHEET ITEMS		Balances close FY 1998 (1)				
		Bil.	Mil.	Thous.	Dols.	
NOTE — Report equity investment in all unconsolidated U.S. affiliates and foreign business enterprises owned 20 percent or more (including those that are majority-owned) on an equity basis to include equity in undistributed earnings since acquisition; for U.S. affiliates and foreign business enterprises owned less than 20 percent, report at cost.		1				
23. Total assets	2109	\$				
24. Total liabilities	2114	1				
25. Total owners' equity — Item 23 minus item 24	2120	1				
Section B — OTHER FINANCIAL AND OPERATING DATA		Amount (1)				
		Bil.	Mil.	Thous.	Dols.	
26. Net income — After provision for U.S. Federal, State, and local income taxes		2159	1			
			\$			
27. Total employee compensation for FY 1998 — Employees' gross earnings (before payroll deductions). Include all direct and in-kind payments by the employer to employees, and employer expenditures for all employee benefit plans, including those required by statute, such as employer's Social Security taxes, those resulting from collective bargaining contracts, and those that are voluntary. Compensation data should be based on payroll records. They should relate to activities during the reporting period regardless of whether such activities were charged as an expense on the income statement, charged to inventories, or capitalized. DO NOT include data related to activities of a prior period, such as those capitalized or charged to inventories in prior periods. See Instructions , V.A.		2253	1			
28. Expenditures for property, plant, and equipment for FY 1998 — Include expenditures for land, timber, mineral and like rights, plant, equipment, and other property, irrespective of where carried on the balance sheet. Include the net book value of transfers in, and capitalized and expensed exploration and development expenditures. Do not include expenditures made in prior years that are reclassified in the current year. Do not net sales, other dispositions, or other charges against expenditures.		2390	1			
29. R&D performed BY the U.S. affiliate — All R&D performed by the U.S. affiliate whether for its own account or for others. Include the cost of R&D performed by the U.S. affiliate and allocated to others. Also, include R&D financed by the Federal Government. Exclude the cost of any R&D funded by the U.S. affiliate but performed by others. Also see Instructions , V.B.		2403	1			
NOTE — U.S. merchandise trade for FY 1998 must be reported on a "shipped" basis, irrespective of to or from whom the shipments were billed or "charged." The "charged" basis may be used only if there is no material difference between it and the "shipped" basis. See Instructions , V.C.			1			
30. TOTAL EXPORTS, INCLUDING CAPITAL GOODS — Shipped by U.S. affiliate to foreigners (valued f.a.s. U.S. port) in FY 1998. —————→		2502	\$			
31. TOTAL IMPORTS, INCLUDING CAPITAL GOODS — Shipped to U.S. affiliate by foreigners (valued f.a.s. foreign port) and received in FY 1998. —————→		2515	1			
			\$			
32. Acres of land owned — Number of acres of all U.S. land owned at close of FY 1998 wherever carried on the balance sheet. Include acres of land on capital lease from others. Exclude acres of mineral rights owned or leased.		Number				
		1				
2354						
33. Gross book value of land owned — Gross book value of all land at historical cost at close of FY 1998 wherever carried on the balance sheet. Include the value of land on capital lease from others. Exclude the value of mineral rights owned or leased.		2356	Bil.	Mil.	Thous.	Dols.
			1			
			\$			
BEA USE ONLY		2599	1			

Remarks

Part II

SELECTED FINANCIAL AND OPERATING DATA OF U.S. AFFILIATE — Continued
Report all amounts in thousands of U.S. dollars.

Section C — SCHEDULE OF EMPLOYMENT, LAND, AND OTHER PROPERTY, PLANT, AND EQUIPMENT, BY LOCATION

Complete the schedule below for the five primary States in which the U.S. affiliate has reportable data. If the U.S. affiliate has activities in more than five States, report those five States for which the gross book value of all land and other property, plant, and equipment (column (5)) is largest. If column (5) is zero or insignificant, use the numbers of employees at yearend (column (3)), to determine the five primary States.

In column (3), include all employees on the payroll at the end of FY 1998, including part-time employees. A count taken at some other date during the reporting period may be given provided it is a reasonable proxy for the number on the payroll at the end of FY 1998. See **Instructions**, V.A., concerning reporting when employment is subject to unusual variations.

In column (4), include all employees on the payrolls of operating manufacturing plants in the State. Administrative office and other auxiliary employees located at an operating plant and that serve only that plant should be included. **Exclude** all other employees on the payrolls of administrative offices or other auxiliary units. See **Instructions**, V. A.

Column (5), land and other property, plant, and equipment covers all such items, whether carried as investments, in fixed asset accounts, or in other balance sheet accounts. Include land held for resale, held for investment purposes, and all other land owned. Land and other property, plant, and equipment on capital lease from others should be included, but that on capital lease to others should be excluded.

In column (6), include the value of buildings and all associated land leased or rented to others and the value of commercial property you own and use or operate. Commercial property includes apartment buildings, office buildings, hotels, motels, and buildings used for wholesale, retail, and services trades, such as shopping centers, recreational facilities, department stores, bank buildings, restaurants, public garages, and automobile service stations. Include the value of the land associated with these buildings. Exclude property you use for agricultural, mining, manufacturing or other industrial purposes, property that is used to support these activities, such as research labs and warehouses, and office buildings located at industrial sites (office buildings owned by an industrial company but not located at an industrial site should be included in column (6)). Also exclude educational buildings, hospital and institutional buildings, and all undeveloped land.

STATE — Enter name		BEA USE ONLY	Number of employees at close FY 1998	The portion of employees in column (3) that are manufacturing employees	Gross book value (historical cost) of all land and other property, plant, and equipment wherever carried on balance sheet, FY 1998 closing balance.			The portion of column (5) that is commercial property		
(1)		(2)	(3)	(4)	(5)			(6)		
			Number	Number	Bil.	Mil.	Thous.	Bil.	Mil.	Thous.
34.		2	3	4	5			6		
					\$			\$		
35.		2	3	4	5			6		
36.		2	3	4	5			6		
37.		2	3	4	5			6		
38.		2	3	4	5			6		
39. Other states	2760		3	4	5			6		
40. TOTAL — Sum of items 34 through 39	2700	2	3	4	5			6		
					\$			\$		
41. Number of employees included in line 40 column 3 that are on the payrolls of administrative offices or other auxiliary units. Exclude administrative and auxiliary employees that are located at an operating unit and serve only that operating unit. See Instructions , V.A.								Number		
								3		
								1178		

FOREIGN PARENT AND UBO INDUSTRY CODES

- 01

Government and government-owned or -sponsored enterprise, or quasi-government organization or agency
- 02

Pension fund — Government run
- 03

Pension fund — Privately run
- 04

Estate, trust, or nonprofit organization (that part of 5252 that is estates and trusts)
- 05

Individual
- Private business enterprise, investment organization, or group engaged in:
- 07

Agriculture, forestry, fishing and hunting (ISI codes 1110–1140)
- 08

Mining (ISI codes 2111–2127)
- 09

Construction (ISI codes 2330–2350)
- 10

Transportation and warehousing (ISI codes 4810–4939)
- 11

Utilities (ISI codes 2211–2213)
- 12

Wholesale and retail trade (ISI codes 4211–4229 and 4410–4540)
- 13

Banking, including bank holding companies (ISI codes 5221 and 5229)
- 14

Holding companies (ISI codes 5512 and 5513)
- 15

Other finance and insurance (ISI codes 5223, 5224, 5231–5249, that part of 5252 that is not estates and trusts, and 5331)
- 16

Real estate (ISI code 5310)
- 17

Information (ISI codes 5111–5142)
- 18

Professional, scientific, and technical services (ISI codes 5411–5419)
- 19

Other services (ISI codes 1150, 2132, 2133, 5321, 5329, and 5611–8130)
- Manufacturing, including fabricating, assembling, and processing of goods:
- 20

Food (ISI codes 3111–3119)
- 21

Beverages and tobacco products (ISI codes 3121 and 3122)
- 22

Pharmaceuticals and medicine (ISI code 3254)
- 23

Other chemicals (ISI codes 3251–3259, except 3254)
- 24

Nonmetallic mineral products (ISI codes 3271–3279)
- 25

Primary and fabricated metal products (ISI codes 3311–3329)
- 26

Computer and electronic products (ISI codes 3341–3346)
- 27

Machinery manufacturing (ISI codes 3331–3339)
- 28

Electrical equipment, appliances and components (ISI codes 3351–3359)
- 29

Motor vehicles and parts (ISI codes 3361–3363)
- 30

Other transportation equipment (ISI codes 3364–3369)
- 31

Other manufacturing (ISI codes 3130–3231, 3261, 3262, 3370–3399)
- 32

Petroleum manufacturing, including integrated petroleum and petroleum refining without extraction (ISI codes 3242–3244)

**ANNUAL SURVEY OF FOREIGN DIRECT INVESTMENT IN THE UNITED STATES — 1998
(SHORT FORM) INSTRUCTIONS**

The Annual Survey of Foreign Direct Investment in the United States provides reliable, useful, and timely data on such investment. Reports filed in this survey should be consistent with those filed in the 1997 BE-12 Benchmark Survey of Foreign Direct Investment in the United States as concerns concepts and definitions, accounting methods, consolidation, etc. However, filing this report is **not** contingent upon having filed a 1997 BE-12 report.

I. REPORTING REQUIREMENTS

A. Who must report – Each nonbank U.S. affiliate of a foreign person must file a BE-15(LF) **or** BE-15(SF) report. A U.S. affiliate is a U.S. business enterprise in which a foreign person owned or controlled, directly or indirectly, 10 percent or more of the voting securities if an incorporated U.S. business enterprise, or an equivalent interest if an unincorporated U.S. business enterprise, at the end of the business enterprise’s 1998 fiscal year. Also, see I.B.

A U.S. affiliate must file a report even though the foreign person may have established or acquired its interest during the reporting period.

Beneficial, not record, ownership is the basis of the reporting criteria.

Voting securities, voting stock, ownership interest, and voting interest all have the same general meaning and are used more or less interchangeably throughout the instructions and the report form, although one may be more appropriate than the others when referring to a specific business enterprise, or group of enterprises.

1. Form BE-15 (LF) – Annual Survey of Foreign Direct Investment in the United States – 1998 (Long Form)

A nonbank U.S. business enterprise that was a U.S. affiliate of a foreign person at the end of its 1998 fiscal year must complete and file by May 31, 1999, a Form BE-15(LF) if:

- a.** It is not a bank (Bank Holding Companies, see Special Instructions, IV.B.), and
- b.** On a fully consolidated, or, in the case of real estate investments, an aggregated basis, one or more of the following three items for the U.S. affiliate (not the foreign parent’s share) exceeded \$100 million (positive or negative) at the end of, or for, its 1998 fiscal year:
 - (1)** Total assets (do not net out liabilities)
 - (2)** Sales or gross operating revenues, excluding sales taxes, or
 - (3)** Net income after provision for U.S. income taxes.

2. Form BE-15(SF) – Annual Survey of Foreign Direct Investment in the United States – 1998 (Short Form)

A nonbank U.S. business enterprise that was a U.S. affiliate of a foreign person at the end of its 1998 fiscal year must complete and file by May 31, 1999, a Form BE-15(SF) if:

- a.** It is not a bank (Bank Holding Companies, see Special Instructions, IV.B.), and
- b.** On a fully consolidated, or, in the case of real estate investments, an aggregated basis, one or more of the following three items for the U.S. affiliate (not the foreign parent’s share) exceeded \$30 million (positive or negative), but no one item exceeded \$100 million (positive or negative) at the end of, or for, its 1998 fiscal year:
 - (1)** Total assets (do not net out liabilities)
 - (2)** Sales or gross operating revenues, excluding sales taxes, or
 - (3)** Net income after provision for U.S. income taxes.

B. Exemption – A U.S. affiliate as consolidated, or aggregated in the case of real estate investments, is not required to file a Form BE-15(LF) or Form BE-15(SF) if each of the following three items for the U.S. affiliate (not the foreign parent’s share) did not exceed \$30 million (positive or negative) at the end of, or for, its 1998 fiscal year:

- (1)** Total assets (do not net out liabilities)
- (2)** Sales or gross operating revenues, excluding sales taxes, and
- (3)** Net income after provision for U.S. income taxes.

If a U.S. business enterprise is a U.S. affiliate but is not required to file a completed Form BE-15(LF) or BE-15(SF), because it falls below the exemption level, then it must complete and file a Form BE-15 Supplement C, Claim for Exemption from Filing a BE-15(LF) or BE-15(SF), with item 1 marked and the information requested in item 1 filled in.

C. Aggregation of real estate investments – Aggregate all real estate investments of a foreign person for the purpose of applying the reporting criteria. Use a single report form to report the aggregate holdings, unless BEA has granted permission to do otherwise.

II. DEFINITIONS

A. United States, when used in a geographic sense, means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and all territories and possessions of the United States.

B. Foreign, when used in a geographic sense, means that which is situated outside the United States or which belongs to or is characteristic of a country other than the United States.

C. Person means any individual, branch, partnership, association, associated group, estate, trust, corporation, or other organization (whether or not organized under the laws of any State), and any government (including a foreign government, the U.S. Government, a State or local government, and any agency, corporation, financial institution, or other entity or instrumentality thereof, including a government sponsored agency).

D. Associated group means two or more persons who, by the appearance of their actions, by agreement, or by an understanding, exercise their voting privileges in a concerted manner to influence the management of a business enterprise. The following are deemed to be associated groups:

- 1.** Members of the same family.
- 2.** A business enterprise and one or more of its officers or directors.
- 3.** Members of a syndicate or joint venture.
- 4.** A corporation and its domestic subsidiaries.

E. Foreign person means any person resident outside the United States or subject to the jurisdiction of a country other than the United States.

F. Direct investment means the ownership or control, directly or indirectly, by one person of 10 per centum or more of the voting securities of an incorporated business enterprise or an equivalent interest in an unincorporated business enterprise.

G. Foreign direct investment in the United States means the ownership or control, directly or indirectly, by one foreign person of 10 per centum or more of the voting securities of an incorporated U.S. business enterprise or an equivalent interest in an unincorporated U.S. business enterprise, including a branch.

H. Business enterprise means any organization, association, branch, or venture which exists for profitmaking purposes or to otherwise secure economic advantage, and any ownership of any real estate.

I. Branch means the operations or activities conducted by a person in a different location in its own name rather than through an incorporated entity.

J. Affiliate means a business enterprise located in one country which is directly or indirectly owned or controlled by a person of another country to the extent of 10 per centum or more of its voting securities for an incorporated business enterprise or an equivalent interest for an unincorporated business enterprise, including a branch.

K. U.S. affiliate means an affiliate located in the United States in which a foreign person has a direct investment.

L. Foreign parent means the foreign person, or the first person outside the United States in a foreign chain of ownership, which has direct investment in a U.S. business enterprise, including a branch.

M. Affiliated foreign group means (i) the foreign parent, (ii) any foreign person proceeding up the foreign parent’s ownership chain, which owns more than 50 per centum of the person below it up to and including that person which is not owned more than 50 per centum by another foreign person, and (iii) any foreign person proceeding down the ownership chain(s) of each of these members, which is owned more than 50 per centum by the person above it.

N. Foreign affiliate of a foreign parent means, with reference to a given U.S. affiliate, any member of the affiliated foreign group owning the U.S. affiliate that is not a foreign parent of the U.S. affiliate.

O. U.S. corporation means a business enterprise incorporated in the United States.

P. Intermediary means any agent, nominee, manager, custodian, trust, or any person acting in a similar capacity.

Q. Ultimate beneficial owner (UBO) is that person, proceeding up the ownership chain beginning with and including the foreign parent, that is not more than 50 percent owned or controlled by another person. (A person who creates a trust, proxy, power of attorney, arrangement, or device with the purpose or effect of divesting such owner of the ownership of an equity interest as part of a plan or scheme to avoid reporting information, is deemed to be the owner of the equity interest.) Note: Stockholders of a closely or privately held corporation are normally considered to be an associated group and may be a UBO.

R. Banking covers business enterprises engaged in deposit banking or closely related functions, including commercial banks, Edge Act corporations engaged in international or foreign banking, foreign branches and agencies of U.S. banks whether or not they accept deposits abroad, U.S. branches and agencies of foreign banks whether or not they accept domestic deposits, savings and loans, savings banks, and bank holding companies, i.e., holding companies for which over 50 percent of their total income is from banks which they hold.

S. Lease is an arrangement conveying the right to use property, plant, or equipment, (i.e., land and/or depreciable assets), usually for a stated period of time.

- 1. Capital lease** – A long term lease under which a sale of the asset is recognized at the inception of the lease. These may be shown as lease contracts or accounts receivable on the lessor’s books. The assets would not be considered as owned by the lessor.
- 2. Operating lease** – Generally, a lease with a term which is less than the useful life of the asset and a transfer of ownership is not completed.

T. U.S. affiliate’s 1998 fiscal year is the affiliate’s financial reporting year that has an ending date in calendar year 1998.

III. GENERAL INSTRUCTIONS

- A. Fiscal year reporting period** – The report covers the U.S. affiliate’s 1998 fiscal year. The affiliate’s 1998 fiscal year is defined to be the affiliate’s financial reporting year that has an ending date in calendar year 1998. Those affiliates having a 52/53 week fiscal year that ends within the first week of January 1999 are considered to have a 1998 fiscal year for filing the annual survey and should report December 31, 1998 as their 1998 fiscal year end. For a business enterprise that does not have a financial reporting year, such as would be the case for investments in unimproved real estate, or does not have a financial reporting year ending in calendar year 1998, its fiscal year is deemed to be the same as calendar year 1998. (U.S. affiliates that changed the ending date of their financial reporting year in 1998 should contact BEA to determine what reporting period should be used.)
- B. Calculation of indirect ownership interest** – All direct and indirect lines of ownership interest held by a foreign person in a given U.S. business enterprise must be summed to determine whether the enterprise is a U.S. affiliate of the foreign person for purposes of reporting.
- A foreign parent’s percentage of indirect ownership interest in a given U.S. business enterprise is the product of the direct ownership percentage of the foreign parent in the first U.S. business enterprise in the ownership chain times that first enterprise’s direct ownership percentage in the second U.S. business enterprise times each succeeding direct ownership percentage of each other intervening U.S. business enterprise in the ownership chain between the foreign parent and the given U.S. business enterprise.
- If there is more than one line of ownership from the foreign parent, or if other members of the affiliated foreign group hold direct or indirect lines of ownership in the U.S. business enterprise, then all ownership interest lines must be summed to determine if the U.S. business enterprise is a U.S. affiliate of a foreign person.
- C. Accounting methods and records** – Generally accepted U.S. accounting principles should be followed unless otherwise specified. Corporations should generally use the same methods and records that are used to generate reports to stockholders except where the instructions indicate a variance. Reports for unincorporated persons must be generated on an equivalent basis.
- Reference to Financial Accounting Standards Board statements are referred to as "FASB" statements.
- D. Consolidated reporting by U.S. affiliate** – A U.S. affiliate must file on a fully consolidated domestic (U.S.) basis, including in the full consolidation all of its foreign parent’s other U.S. affiliates in which it directly or indirectly owns more than 50 percent of the outstanding voting interest, except that:
1. A separate BE-15 report must be filed by a U.S. affiliate that is more than 50 percent owned by another U.S. affiliate if the first U.S. affiliate is not normally fully consolidated because control is temporary and **provided that written permission has been requested from and granted by BEA**. In accordance with FASB 94, consolidation of majority-owned subsidiaries is required even if their operations are not homogeneous with those of the U.S. affiliate that owns them.
 2. A U.S. affiliate in which a direct ownership interest and an indirect ownership interest are held by different foreign persons should not be fully consolidated into another U.S. affiliate, but must complete and file its own Form BE-15(LF) or BE-15(SF). (See diagram below.)
- ```
graph TD
 subgraph Foreign
 B[Foreign person B]
 A[Foreign person A]
 end
 subgraph U.S.
 X[U.S. affiliate X]
 Y[U.S. affiliate Y]
 end
 B -- 30% --> X
 A -- 100% --> X
 X -- 60% --> Y
```

U.S. affiliate Y may not be fully consolidated into U.S. affiliate X because of the 30 percent direct ownership by foreign person B.
- The indirect ownership interest, even if more than 50 percent, should be reflected on the balance sheet and income statement of the owning U.S. affiliate’s Form BE-15(LF) or BE-15(SF) on an equity basis. (If the same foreign person holds both the direct and indirect lines of ownership, the affiliate may be fully consolidated and the minority interest must be eliminated. Contact BEA for guidance on how the minority interest should be reported on Form BE-15(LF) or BE-15(SF).)
3. Special instructions apply to consolidation of U.S. affiliates that are Bank Holding Companies. See IV.B.
  4. Foreign subsidiaries, branches, or other foreign operations or equity investments of a U.S. affiliate are NOT to be included on a fully consolidated basis, but are to be included only as provided under III.E.
- If a U.S. affiliate is not fully consolidated in its U.S. parent’s BE-15 report, it must be listed on Supplement B of the U.S. parent’s Form BE-15(LF) or BE-15(SF) and must file its own Form BE-15(LF) or BE-15(SF). If you normally prepare your consolidated financial statements using the proportionate consolidation method, please contact this office before using that method in completing Form BE-15(LF) or BE-15(SF).
- Hereinafter the fully consolidated entity is considered one U.S. affiliate.

- E. Method of accounting for equity investments in business enterprises that are not fully consolidated** – A U.S affiliate’s equity investment in all foreign business enterprises, no matter what the percentage ownership, and in U.S. business enterprises that are not fully consolidated, should be accounted for as detailed below. When equity investments are included under the equity basis, intercompany account items MUST NOT be eliminated.
1. Generally, report investment in those business enterprises owned 20 percent or more (including those that are majority-owned) using the equity basis. However, immaterial investments may be reported using the cost basis provided this basis is consistent with normal reporting practice.
  2. Report investment in those business enterprises owned less than 20 percent using the cost basis.
- F. Changes in the reporting entity** – Changes in the consolidated reporting entity that occurred during FY 1998 must NOT result in restatement of close FY 1997 balances. The close FY 1997 balances for balance sheet or other items should represent the reporting entity as it existed at the close of FY 1997. This principle applies throughout the report form.
- G. Reporting by unincorporated U.S. affiliate** –
- DIRECTLY OWNED** – Each unincorporated U.S. affiliate, including a branch, which is directly owned 10 percent or more by a foreign person should file a separate BE-15 report. Two or more such directly owned U.S. affiliates may not be combined on a single Form BE-15(LF) or Form BE-15(SF). The only exceptions are for U.S. affiliates that are real estate investments (see Special Instructions IV.C.).
- INDIRECTLY OWNED** – An indirectly owned unincorporated U.S. affiliate owned more than 50 percent by another U.S. affiliate must normally be fully consolidated on the report with the U.S. affiliate that holds the ownership interest in it.
- Otherwise, each indirectly owned unincorporated U.S. affiliate should file a separate report.
- H. Bearer shares** – If the ownership in a U.S. affiliate by any owner in the ownership chain up to and including the ultimate beneficial owner (UBO) is represented by bearer shares, the requirement to disclose the information regarding the UBO remains with the reporting U.S. affiliate. An exception is where a company in the ownership chain has publicly traded bearer shares. In that case, identification of the UBO may stop with the identification of a company whose capital stock is represented by the publicly traded bearer shares. For closely held companies with bearer shares that are not publicly traded, identifying the foreign parent or the UBO as bearer shares is not an acceptable response. The U.S. affiliate must pursue the identification of the UBO through managing directors, or any other official or intermediary.
- I. Separate filing of information by foreign parent or ultimate beneficial owner** – Where information is requested concerning the foreign parent or ultimate beneficial owner (UBO), if the foreign parent or UBO does not wish to make the information available to that U.S. affiliate for inclusion in the report, it may furnish it separately to BEA. In doing so, it must completely identify the U.S. affiliate BE-15 report to which it pertains, separately reference the items to which the information pertains, and give an address (and phone number if in the United States) where the foreign parent or UBO can be contacted.
- J. Required information not available** – All reasonable efforts should be made to obtain the information required for reporting. Every question on each form should be answered, except where specifically exempt. When only partial information is available, an appropriate indication should be given.
- K. Estimates** – If actual figures are not available, estimates should be supplied and labeled as such. When data items cannot be fully subdivided as required, totals and an estimated breakdown of the totals should be supplied.
- Certain sections of the BE-15(SF) require data that may not normally be available from a company’s customary accounting records. Provision for precise data in these sections may present the respondent with a substantial burden beyond what is intended by BEA. This may be especially true for items 30 and 31, exports and imports of U.S. affiliate on a shipped basis, and items 34 through 39, data disaggregated by State.
- Data provided in these sections may be reasonable estimates based upon the informed judgement of persons in the responding organization, sampling techniques, prorations based on related data, etc. The procedures used should be consistently applied from one BEA survey to the next.
- L. Space on form insufficient** – When space on a form is insufficient to permit a full answer to any item, submit the required information on supplementary sheets, appropriately labeled and referenced to the item number and the form.
- M. Industry Classifications** – This survey uses the new North American Industry Classification System (NAICS) as the basis for classifying enterprises; in the past, classification was based on the U.S. Standard Industrial Classification (SIC) system. The "Guide to Industry and Foreign Trade Classifications for International Surveys," BE-799, which is included as part of the survey package, gives a list and explanation of the industry classification used.



IV. SPECIAL INSTRUCTIONS

- A. Insurance companies** – When there is a difference, prepare the financial and operating data in this report on the same basis as an annual report to stockholders, rather than on the basis of an annual statement to an insurance department. Valuation should be according to normal commercial accounting procedures, not at the rates promulgated by the National Association of Insurance Commissioners. Include assets not acceptable for inclusion in the annual statement to an insurance department.
- B. Bank Holding Companies** – Subsidiaries of a U.S. bank holding company that are nonbank U.S. affiliates, and who do not meet the exemption criteria in I.B., are NOT exempt and must file a Form BE-15(LF) or BE-15(SF) under the name of the bank holding company with the notation "Nonbank activities" in item 1 of the form or on the label if provided.
- C. Real Estate** – The ownership of real estate is defined to be a business enterprise, and, if the real estate is foreign owned, it is a U.S. affiliate of a foreign person. Such an enterprise must file a BE-15 report unless it is otherwise exempt.

Residential real estate held exclusively for personal use and not for profitmaking purposes is not subject to the reporting requirements. A residence which is an owner’s primary residence that is then leased by the owner while outside the United States, but which the owner intends to reoccupy, is considered real estate held for personal use.

Ownership of U.S. residential real estate by a corporation whose sole purpose is to hold the real estate for the personal use of the owner(s) of the corporation is considered to be real estate held for personal use and therefore not subject to the reporting requirements.

A foreign person holding real estate investments that are reportable on the BE-15 must aggregate all such holdings for the purpose of applying the reporting criteria (see I.C.). If the aggregate of such holdings exceeds one or more of the exemption levels, then the holdings must be reported even if individually they would be exempt. A single Form BE-15(LF) or BE-15(SF) should be filed to report the aggregated holdings unless BEA has granted permission to do otherwise. In the latter case, those holdings not aggregated must be reported separately; the reports must be filed as a group and notice given that they are all for one owner.

In Part I, Identification of U.S. Affiliate, for real estate investments, BEA is not seeking a legal description of the property, nor necessarily the address of the property itself. Since there may be no operating business enterprise as such for the investment, what is wanted is a consistently identifiable investment (i.e., U.S. affiliate) together with an address to which report forms can be mailed so that the investment (affiliate) can be reported on a consistent basis from survey to survey, or period to period.

Thus, in item 1 of the BE-15 survey form, the "name and address" of the U.S. affiliate might be:

XYZ Corp. N.V., Real Estate Investments  
c/o B&K Inc., Accountants  
120 Major Street  
Miami, FL XXXXX

If the investment property has a name, such as Sunrise Apartments, Acme Building, etc., the "name and address" in item 1 of the BE-15 survey form might be:

Sunrise Apartments  
c/o ABC Real Estate  
120 Major Street  
Miami, FL XXXXX

BEA will accommodate foreign owners that wish to have report forms sent directly to them. However, owners should be aware that extra time consumed in mailing to and from a foreign place may make meeting filing deadlines difficult.

There are questions throughout the report forms that may not be applicable to certain types of real estate investments -- questions such as the employer identification number, or, for unimproved land held as an investment, number of employees, and exports and imports of U.S. affiliate. In such cases, mark the items "none".

If a foreign person has a direct or indirect voting ownership interest of 10 percent or more in a joint venture, partnership, etc., that is formed to own and hold, develop, or operate real estate, the joint venture, partnership, etc., in its entirety, not just the foreign person’s share, is a U.S. affiliate and must be reported as follows:

1. If the foreign interest in such a U.S. affiliate is directly held by the foreign person, then the affiliate must file a Form BE-15(LF) or BE-15(SF) (subject to the exemption criteria and the aggregation rules discussed above).
  2. If such a U.S. affiliate is owned more than 50 percent by another U.S. affiliate, the owned affiliate must be fully consolidated in the BE-15 report form of the owning affiliate.
  3. If such a U.S. affiliate is owned 50 percent or less by another U.S. affiliate, the owned affiliate must file a separate BE-15 report form, and the BE-15 report form of the owning affiliate must show its equity investment in the owned affiliate.
- D. Partnerships** – Limited partners do not have voting rights in a partnership and therefore cannot have direct investment in a partnership; their investment is considered to be portfolio investment. Determination of the existence of direct investment in a partnership is based on the country of residence of, and the percentage control exercised by, the general partner(s), although the latter may differ from the financial interest of the general partner(s).

E. Estates, trusts, and intermediaries

**A FOREIGN ESTATE** is a person and therefore may have direct investment, and the estate, not the beneficiary, is considered to be the owner.

**A TRUST** is a person but it is not a business enterprise. The trust is considered to be the same as an intermediary, and reporting should be as outlined below. For reporting purposes, the beneficiary(ies) of the trust is (are) considered to be the owner(s) for purposes of determining the existence of direct investments, except in two cases – (1) if there is, or may be, a revisionary interest, and (2) if a corporation or other organization creates a trust, designating its shareholders or members as beneficiaries. In these two cases, the creator of the trust is deemed to be the owner of the investments of the trust (or succeeding trusts, where the presently existing trust had evolved out of a prior trust), for the purposes of determining the existence and reporting of direct investment.

This procedure is adopted in order to fulfill the statistical purposes of this survey and does not imply that control over an enterprise owned or controlled by a trust is, or can be, exercised by the beneficiary(ies) or creator(s).

FOR AN INTERMEDIARY:

1. If a U.S. intermediary holds, exercises, administers, or manages a particular foreign direct investment in the United States for the beneficial owner, such intermediary is responsible for reporting the required information for, and in the name of, the U.S. affiliate, it should report on behalf of the U.S. affiliate or instruct the U.S. affiliate to submit the required information. Upon so doing, the intermediary is released from further liability to report, provided it has informed BEA of the date such instructions were given and the name and address of the U.S. affiliate, and has supplied the U.S. affiliate with any information in the possession of, or which can be secured by, the intermediary that is necessary to permit the U.S. affiliate to complete the required reports. When acting in the capacity of an intermediary, the accounts or transactions of the U.S. intermediary with a foreign beneficial owner are considered as accounts or transactions of the U.S. affiliate with the foreign beneficial owner. To the extent such transactions or accounts are unavailable to the U.S. affiliate, BEA may require the intermediary to report them.
  2. If a foreign beneficial owner holds a U.S. affiliate through a foreign intermediary, the U.S. affiliate may report the intermediary as its foreign parent but must also identify and furnish the requested information concerning the foreign beneficial owner. Accounts or transactions of the U.S. affiliate with the foreign intermediary are considered as accounts or transactions of the U.S. affiliate with the foreign beneficial owner.
- F. Determining place of residence and country of jurisdiction of individuals** – An individual is considered a resident of, and subject to the jurisdiction of, the country in which physically located, subject to the following qualifications:
1. Individuals who reside, or expect to reside, outside their country of citizenship for less than one year are considered to be residents of their country of citizenship.
  2. Individuals who reside, or expect to reside, outside their country of citizenship for one year or more are considered to be residents of the country in which they are residing, except as provided in paragraph IV.F.3.
  3. Notwithstanding paragraph IV.F.2., if an owner or employee of a business enterprise resides outside the country of location of the enterprise for one year or more for the purpose of furthering the business of the enterprise, and the country of the business enterprise is the country of citizenship of the owner or employee, then such owner or employee nevertheless is considered a resident of the country of citizenship, provided the individual intends to return within a reasonable period of time.
  4. Individuals and members of their immediate family who are residing outside their country of citizenship as a result of employment by the government of that country – diplomats, consular officials, members of the armed forces, etc. – are considered to be residents of their country of citizenship.

V. INSTRUCTIONS FOR SPECIFIC SECTIONS OF THE REPORT FORM

- A. Employment and employee compensation (item 27 and item 40, column 3)** – Base employment and employee compensation on payroll records related to activities during the reporting period. The employment and employee compensation data must cover only activities that were charged as an expense on the income statement, charged to inventories, or capitalized during the reporting period. Do not include data related to activities of prior periods, such as those capitalized or charged to inventories in prior years.
1. Employment is the number of full-time and part-time employees on the payroll at the end of FY 1998, excluding home workers and independent sales personnel who are not employees. A count taken during, rather than at the end of, FY 1998 is acceptable provided it is a reasonable proxy for the end of FY 1998 number. If employment at the end of FY 1998, or the count taken at some other time during FY 1998, was unusually high or low because of temporary factors (e.g., a strike), give the number of employees that reflects normal operations. If the business enterprise’s activity involves large seasonable variations, give the average number of employees for FY 1998. If given, the average should be the average for FY 1998 of the number of persons on the payroll at the end of each payroll period, month, or quarter. If precise figures are not available, give your best estimate of the number of employees for FY 1998.
  2. **Employee compensation** – Consists of wages and salaries of employees and employer expenditures for all employee benefit plans.



- a. Wages and salaries are the gross earnings of all employees before deduction of employees' payroll withholding taxes, social insurance contributions, group insurance premiums, union dues, etc. Include time and piece rate payments, cost of living adjustments, overtime pay and shift differentials, bonuses, profitsharing amounts, and commissions. Exclude commissions paid to independent personnel who are not employees.

Wages and salaries include direct payments by employers for vacations, sick leave, severance (redundancy) pay, etc. Exclude payments made by, or on behalf of, benefit funds rather than by the employer. (Include employer contributions to benefit funds in employee benefit plans.)

Wages and salaries include in-kind payments, valued at their cost, that are **clearly and primarily of benefit to the employees as consumers**. Do not include expenditures that benefit employers as well as employees, such as for plant facilities, employee training programs, and reimbursement for business expenses.

- b. **Employee benefit plans** – Employer expenditures for all employee benefit plans, including those required by government statute, those resulting from a collective-bargaining contract, or those that are voluntary. Employee benefit plans include Social Security and other retirement plans, life and disability insurance, guaranteed sick pay programs, workers compensation insurance, medical insurance, family allowances, unemployment insurance, severance pay funds, etc. If plans are financed jointly by the employer and the employee, include only the contributions of the employer.

**3. Employees of administrative offices and auxiliary units (item 41)**

– Auxiliary units and administrative offices are primarily engaged in performing management and support services for the fully consolidated U.S. affiliate, such as accounting, data processing, legal services, research and development and testing, and warehousing. Administrative offices and auxiliary units are typically located separately from the operating units of the company. However, include employees performing administrative or auxiliary activities that are located at an operating unit if those employees also serve other operating units of the company and information on the number of these employees is available from the company's records.

**B. Research and development (item 29)** – Research and development (R&D) includes basic and applied research in science and engineering, as well as design and development of prototypes and processes, if the purpose of such activity is to:

1. Pursue a planned search for new knowledge whether or not the search has reference to a specific commercial application;
2. Apply existing knowledge to the creation of a new product or process, including evaluation of use; or
3. Apply existing knowledge to the employment of a present product or process.

R&D includes the activities described above whether assigned to separate R&D organizational units of the company or carried on by company laboratories and technical groups that are not a part of a separate R&D organization.

Research and development employees are scientists, engineers, and other professional and technical employees, including managers who spend all or a majority of their time engaged in scientific or engineering R&D work, at a level that requires knowledge of physical or life sciences, engineering, or mathematics at least equivalent to that acquired through completion of a four-year college course with a major in one of these fields (i.e., training may be either formal or by experience).

**C. U.S. merchandise exports and imports (items 30 and 31)**

– Report the data on U.S. merchandise trade between U.S. affiliates and foreigners on a "shipped" basis – i.e., on the basis of when, where, and to (or by) whom the goods were shipped – in order for them to be on the same basis as official U.S. trade statistics to which they will be compared. However, it is recognized that U.S. affiliates keep their accounting records on a "charged" basis, i.e., on the basis of when, where, and to (or by) whom the goods were billed or charged. Differences between the charged and shipped basis may be substantial. A major difference arises when a U.S. affiliate buys goods in country A and sells them in country B, but the goods are shipped directly from country A to country B. Because the goods did not physically enter or leave the United States, they are not U.S. trade. However, when the U.S. affiliate records the transactions on its books, it would show a purchase charged to it from country A and a sale charged by it to country B. If the U.S. affiliate's trade data in this survey were prepared on the "charged" basis, the purchase and sale would appear incorrectly as a U.S. import and U.S. export, respectively. Other differences arise when the U.S. affiliate charges the sale of its products to a foreign parent in one country, but ships the goods directly from the United States to an unaffiliated foreigner in another country. If the data are on the "shipped" basis, this should be a U.S. export to an unaffiliated foreigner, not to the foreign parent, and the destination should be the country of the unaffiliated foreigner, not that of the foreign parent.

For many U.S. affiliates, these and other differences between the "charged" and "shipped" bases may not arise. If there is no material difference between the two bases, the "charged" basis may be used. However, if a material difference does exist, then trade must be reported on the "shipped" basis. For this purpose, the U.S. affiliate may have to derive the data from export and import declarations filed with U.S. Customs, or from shipping and receiving documents, rather than from accounting records, or may have to otherwise adjust its data from a "charged" to a "shipped" basis. BEA will ask the U.S.

affiliate to refile the data if it determines that there is a material difference between the "charged" and "shipped" bases, and that the data are not on, or adjusted to, the "shipped" basis.

**1. Definition of U.S. merchandise trade** – The phrases "U.S. merchandise trade", "U.S. merchandise exports", and "U.S. merchandise imports" refer to physical movements of goods between the customs area of the United States and the customs area of a foreign country. Consigned goods must be included in the trade figures when shipped or received, even though not normally recorded as sales or purchases, or entered into intercompany accounts when initially consigned. Exclude the value of ships, planes, railroad rolling stock, and trucks that were temporarily outside the United States transporting people or merchandise.

Exclude from exports and imports the value of any goods that are in-transit. In-transit goods are goods that are not processed or consumed by residents in the intermediate country(ies) through which they transit; they enter those countries only because those countries are along the shipping lines between the exporting and importing countries. In-transit imports are goods that are en route from one foreign country to another via the United States (such as from Canada to Mexico via the United States), and in-transit exports are goods en route from one part of the United States to another part via a foreign country (such as from Alaska to Washington State via Canada).

**2. Timing** – Only goods actually shipped between the United States and a foreign country during FY 1998 should be included, regardless of when the goods were charged or consigned. For example, goods shipped by the U.S. affiliate in FY 1998 that were charged or consigned in FY 1999, should be included, but goods shipped in FY 1997 that were charged or consigned in FY 1998 should be excluded.

**3. Trade of the U.S. affiliate** – Goods shipped by, or to, the U.S. affiliate whether or not they were actually charged or consigned by, or to, the U.S. affiliate, are considered to be trade of the U.S. affiliate.

**4. By (or to) whom goods were shipped** – Shipment by, or to, an entity refers to the physical movement of merchandise to or from the U.S. customs area by, or to, that entity regardless of by, or to, whom the merchandise was charged or consigned.

**NOTE:** Merchandise shipped by an independent carrier or a freight forwarder at the expense of an entity are shipments by the entity.

**5. Valuation of exports** – Value U.S. merchandise exports f.a.s. (free alongside ship) at the U.S. port of exportation. This includes all costs incurred up to the point of loading the goods aboard the export carrier at the U.S. port of exportation, including the selling price at the interior point of shipment (or cost if not sold), packaging cost, and inland freight and insurance. It excludes all subsequent costs such as loading cost, foreign import duties, and freight and insurance from the U.S. port of exportation to the foreign port of entry.

**6. Valuation of imports** – Value U.S. imports at the actual contract price agreed upon between buyer and seller, adjusted to an f.a.s. foreign port-of-exportation basis. This includes all costs incurred up to the point of loading the goods aboard the export carrier at the foreign port of exportation, including the selling price at the interior point of shipment (or cost if not sold), packaging costs, and inland freight and insurance. It excludes all subsequent costs, such as loading costs, U.S. import duties, and freight and insurance from the foreign port of exportation to the U.S. port of entry.

**D. Distribution of selected data by State (items 34 through 40)** – The Schedule of Employment, Land and Other Property, Plant, and Equipment, by Location, covers the 50 States, the District of Columbia, and all territories and possessions of the United States. Include in this schedule only data pertaining to those U.S. business enterprises that are fully consolidated into the reporting U.S. affiliate. Do not consolidate with the reporting U.S. affiliate or include data for foreign business enterprises or operations, whether incorporated or unincorporated. Exclude data for employees permanently located outside the United States. The "foreign" category is primarily for use in reporting movable fixed assets temporarily outside the United States, or for reporting any foreign fixed assets carried directly on the U.S. affiliate's books.

**1. Location** of employees, or of an asset, is the U.S. State, territory, or possession in which the person is permanently employed, or in which the land or other property, plant, and equipment is physically located and to which property taxes, if any, on such assets are paid. Therefore, an employee permanently based and carried on the payroll of a company located in California, who is on a temporary duty assignment in Texas at the end of the reporting period, should be shown as located in California rather than Texas. Equipment which may reside in more than one location during the reporting period, such as transportation equipment, is reported in:

- a. The State, territory, or possession to which property taxes, if any, were paid.
- b. If no tax was paid, the State, territory, or possession in which the asset was physically located at the end of the reporting period. (If the plant and equipment is movable, and is temporarily located outside the United States, enter as "foreign.")

**V. INSTRUCTIONS FOR SPECIFIC SECTIONS  
OF THE REPORT FORM — Continued**

In addition to listing the U.S. State, territory, or possession in lines 34 through 38, column (1), enter, if applicable, "U.S. offshore oil and gas sites", "Foreign", or "Other property, plant, and equipment." "Other property, plant, and equipment" includes aircraft, railroad rolling stock, satellites, undersea cable, and trucks engaged in interstate transportation.

- 2. Valuation of property, plant, and equipment** – Land and other property, plant, and equipment are to be valued at historical cost before any allowances for depreciation or depletion.

**VI. FILING THE BE-15**

- A. Due date** – A fully completed and certified Form BE-15(LF) or BE-15(SF) is due to be filed with BEA not later than May 31, 1999. If the U.S. affiliate is exempt from filing Form BE-15(LF) and BE-15(SF) based on the criteria in paragraph I.B., it must complete and file Form BE-15 Supplement C within 30 days of its receipt, or by May 31, 1999, whichever is sooner.
- B. Extensions** – Delays in filing necessarily affect BEA's already tight processing schedule for the annual survey and, therefore, requests for extension of the reporting deadline will not normally be granted. Nevertheless, a limited number of requests for extension in hardship cases will be considered. They must be in writing and received by BEA at least 15 days before the due date of the report and include substantive reasons for the extension. BEA will provide a written response to such requests.
- C. Assistance** – For assistance, telephone (202) 606-5577 between 8:30 a.m. and 4:30 p.m. eastern time.
- D. Annual stockholders' report** – Business enterprises issuing annual reports to stockholders are to furnish a copy of their FY 1998 annual report when filing the BE-15 report.
- E. Number of copies** – File a single original copy of each form and supplement. This should be the copy with the address label in Part I, if such a labeled copy has been provided by BEA. (Make corrections to the address on the label if necessary.) You must also retain a file copy of each report for five years to facilitate resolution of any questions that BEA may have concerning your report. (Both copies are protected by law; see the statement on confidentiality in paragraph VI.G., and on each form.)

- F. Where to send the report** – Send reports filed by mail through the U.S. Postal Service to:

U.S. Department of Commerce  
Bureau of Economic Analysis  
BE-49(A)  
Washington, DC 20230

Direct reports filed by direct private delivery to:

U.S. Department of Commerce  
Bureau of Economic Analysis  
BE-49(A)  
Shipping and Receiving Section M100  
1441 L Street, NW  
Washington, DC 20005

- G. Confidentiality** – The Act provides that your report to this Bureau is CONFIDENTIAL, and may be used only for analytical or statistical purposes. Without your prior written permission, the information filed in your report CANNOT be presented in a manner that allows it to be individually identified. Additionally, the information filed in this report shall be available only to officials and employees (including consultants and contractors and their employees) of agencies designated by the President to perform functions under the Act. The President may authorize the exchange of the information between agencies or officials designated to perform functions under the Act, but only for analytical and statistical purposes. No official or employee (including consultants and contractors and their employees) shall publish or make available any information collected under the Act in such a manner that the person to whom the information relates can be specifically identified. Reports and copies of reports prepared pursuant to the Act are confidential and their submission or disclosure shall not be compelled by any person without the prior written permission of the person filing the report and the customer of such person where the information supplied is identifiable as being derived from the records of such customer (22 U.S.C. 3104).

Information filed in this report CANNOT be used for purposes of taxation, investigation, or regulation. The law also provides that copies retained in your files are immune from legal process.